

---

## STATE WATER RESOURCES DEVELOPMENT SYSTEM FINANCE COMMITTEE DRAFT CHARTER

---

The State Water Resources Development System (~~SWRDS~~) Finance Committee is being established by the Department of Water Resources to serve as a forum for discussions among DWR and the State Water Project Contractors (Contractors) and to provide a channel for recommendations to the Director of DWR concerning certain financial processes of the State Water Resources Development System (SWRDS). The scope of the Finance Committee is set out in this charter and has been mutually agreed to by the Water Contractors whose representatives have signed this charter. The establishment of the Committee and adoption of this charter are provided for in the Water Supply Contracts, as amended in 2012. ~~a foundational element in the organizational structure that provides financial policy guidance for SWRDS which is administered by the California Department of Water Resources (DWR). The other foundational element is the Chief Financial Manager (CFM). The CFM has the responsibility and authority throughout DWR to carry out the SWRDS financial policy guidelines. The CFM reports to the Administrator of SWRDS or their designee. Working with the CFM, the SWRDS Finance Committee will develop or enhance the financial policy guidelines and administrative measures required to provide comprehensive financial management of SWRDS. Administrative enhancements will include the development and evaluation of DWR/SWP Contractor technical committees necessary to support the SWRDS Finance Committee. The SWP Contractors will review and align their committee structure to conform to the SWRDS financial structure and eliminate any duplication of effort.~~

DWR will continue to develop a work plan for the development and implementation of financial enhancements. An essential element of this work plan will be a comprehensive review of organizational relationships with regard to financial matters and how best to organize, within the constraints of State government, to support the development of a single point of authority for many of these financial matters, the Chief Financial Manager.

Administrative enhancements will include the development and evaluation of ~~DWR/SWP Contractor~~ technical committees necessary to support the SWRDS Finance Committee. The ~~SWP~~ Contractors will review and align their committee structures to conform to the SWRDS financial structure and eliminate any duplication of effort.

00086

~~The establishment of the Committee, and the development of this Charter through the mutual agreement of DWR and the Contractors, is a requirement of the Water Supply Contracts. DWR and the Contractors agree that this Charter implements the provisions of the Water Supply Contracts that provide~~ This Charter provides, among other things, that:

1. The Charter ~~can~~ may only be modified with the mutual consent of DWR and the Contractors;
2. The Committee is charged with providing ~~financial process~~ written policy guideline recommendations to the DWR Director, and the DWR Director has final discretion on whether or not to accept the recommend~~ations~~ ed policy guidelines upon providing written notice of its decision to the Committee;
3. The Committee is to operate in cooperation with the Chief Financial Manager (once the position is established and filled) who will be responsible for transmittal of the Committee's recommendations to the Director and notification to the Committee of the Director's decision;
- ~~1. While the DWR Director has discretion to move money between the GOA, SSA, and SRA accounts, the Director must provide advance written notice of those actions for review by the Committee.~~

#### **H.I. COMMITTEE PURPOSE**

The SWRDS Finance Committee shall serve as a forum for discussions among DWR and the Contractors and as a forum for Contractor input to DWR regarding SWRDS financial processes. The Committee shall also provide a channel for recommendations to the Director of DWR concerning SWRDS financial processes. ~~is a standing committee whose purpose is to assist DWR in fulfilling its financial oversight responsibility of the SWRDS by helping DWR establish and modify, as necessary, SWRDS-specific financial policy guidelines.~~ The Committee will allow the Contractors ~~SWP Public Agency water customers~~ to have meaningful input into the SWRDS financial management of SWRDS processes, thereby providing DWR with the benefit of input from its customers the Contractors that have a common interest in the continuing long-term financial viability of SWRDS. ~~The SWRDS Finance Committee will to recommend to the Director of the California Department of Water Resources institutionalized controls or policy guidelines that can be used to:~~

- ~~3. Provide financial direction that can be replicated and refined to manage the finances of SWRDS.~~

00086

~~4. Provide financial transparency and accountability.~~

~~5. Promote consistent and uniform decision making by establishing financial policy guidelines, procedures, and protocols.~~

#### **VI.II. COMMITTEE GOALS:**

1. To provide a forum that promotes ~~maximum~~ coordination, communication, and cooperation among DWR and the Contractors regarding SWRDS financial processes and reports~~SWP Public Agency water customers with interests and responsibilities for the SWRDS.~~
2. To provide input and recommendations in the development and implementation of work plans for financial enhancements~~assist in the consolidation of SWRDS financial activities under the management of the CFM which is essential for the comprehensive financial management of the SWRDS.~~
3. To provide input and recommendations regarding~~sponsor the DWR's~~ development and implementation of ~~standardized~~, reliable financial ~~tools~~ processes and reports ~~made available to both DWR and the SWP Public Agency water customers, with the goal of~~ providing meaningful information necessary to analyze and forecast SWRDS financial trends, activities, and fluctuations.
- ~~0. To assist DWR in fulfilling its financial oversight responsibility of the SWRDS which includes establishing financial policy guidelines and financial management goals which govern SWRDS financial decisions and support the financial integrity, health, and viability of the SWRDS.~~

#### **VIII.III. COMMITTEE RESPONSIBILITIES:**

1. ~~Sponsoring the development, and approving and monitoring~~ Providing input and recommendations regarding the progress of the SWRDS ~~Finance Committee's~~ financial enhancement work plans.
2. Providing ~~written~~ recommendations to the Director or the Director's delegate regarding SWRDS financial processes and reports ~~specific financial policy guidelines~~. These ~~financial~~ recommendations may address the financial processes and reports involving the following areas~~shall focus on guidelines that embrace the general goals and acceptable procedures or standards for managing or directing the enterprise fund, including, but not limited to, guidelines regarding the following areas:~~
  - a) ~~Reporting~~
  - ~~b)a)~~ Operating budget
  - ~~e)b)~~ Long-range Forecasting

00086

- ~~d)c)~~ \_\_\_\_\_ Assets and Capital improvements plan or program (CIP)
- ~~e)d)~~ \_\_\_\_\_ Debt
- ~~f)e)~~ Revenue/Costs (to be discussed)
- ~~g)f)~~ Reserves (i.e. GOA)
- ~~h)g)~~ \_\_\_\_\_ Equity Funds (i.e. SSA, and SRA)
- ~~i)h)~~ Accounting, auditing, and financial reporting
- ~~j)i)~~ Cash-flow management

3. Periodically reviewing and providing ~~written~~ recommendations for improvements to the SWRDS financial processes and reports ~~policy guidelines and/or SWRDS financial policy guidelines manual.~~

~~Reviewing issues and recommendations, by SWP Public Agency customers and DWR technical workgroups, in key financial areas within SWRDS which could indicate a potential conflict and/or lack of SWRDS financial policy guidance.~~

NOTE: Above item deleted because it's addressed in the item below.

4. Reviewing and making recommendations regarding issues pertaining to SWRDS financial processes and reports ~~deviations from SWRDS policy guidelines~~ as identified by technical ~~workgroups~~ committees, auditors, and other stakeholders, ~~which are not resolved by the CFM or SWP Public Agency customers/DWR technical workgroups.~~
5. Reviewing and making recommendations regarding funding and uses of the Approving modifications to the authorized funding levels of the General Operating Account and SWRDS Support Account and SWRDS Reinvestment Account.
- ~~0. Reviewing written notices by DWR of fund transfers between the GOA, SSA, and SRA accounts.~~

#### **X-IV. MEMBERSHIP AND ORGANIZATIONAL STRUCTURE:**

##### **A. Composition**

The SWRDS Finance Committee will include representatives ~~offer~~ the Contractors ~~SWP Public Agency customers~~ and DWR.

1. All ~~Contractors~~ ~~SWP Public Agency customers would be able to~~ may attend meetings of the Committee; each Contractor ~~Public Agency customer~~ ~~would~~ may provide one representative or delegate to participate (the "Representatives"). From within the Contractors' ~~Public Agency customers'~~ representative pool, in January of each year, the

00086

~~Contractors~~SWP Public Agency customers shall elect five official representatives and two alternates.

2. ~~From within DWR's executive level management (Assistant Division Chief and above), in January of each year,~~ DWR shall select five official representatives and ~~two~~ five alternates.
3. The ten ~~(10)~~ selected official representatives or alternates of the Committee ~~would~~ shall be the Committee's permanent members (the "Members") and be responsible for attending all Committee meetings. The Members ~~would~~ shall be balanced with representation for DWR and the ~~Contractors~~SWP Public Agency customers.
4. The Contractor members may submit Committee recommendations, to the Director or to the Director's delegate responsible for the area under consideration by the Committee. If the Department representatives concur in the recommendation, that fact shall be noted in the recommendation. If the DWR members have a differing view that information may also be included in the recommendation materials, shall be based on an affirmative vote by a majority of all the Members. The Chief Financial Manager, after the position is established and filled, shall be responsible for transmitting the Committee recommendations to the Director or the Director's delegate and notifying the Committee of the Director's or the delegate's decision.
- ~~0. The Members would be the official representatives of the Committee and be responsible for communicating the Committee's recommendation directly to the Director or to the Director's delegate responsible for the area under consideration by the Committee.~~
- ~~0. The Members may form, delegate, and direct subcommittees when and where appropriate.~~

**D.B. Term**

The Members will serve for a one year term, with membership appointed or renewed each year. Term will begin on January 1.

**E.C. Committee ~~Co~~-Chairs**

The Committee Chair shall be the Deputy Director (or delegate) with responsibility over SWRDS~~will have two co-chairs. In January of each year, the Members for DWR and the SWP Public Agency customers' shall each appoint one of their Members as co-chair to the Committee.~~

**F.D. Meetings**

The Committee is expected to meet as frequently as is necessary to carry out its responsibilities, but no less than two ~~(2)~~ times annually, at such times and location

00086

determined by the Committee's ~~co~~-chairs. The chair shall have the authority to call a meeting and shall do so upon his or her own motion or upon the request of a Contractor member of the Committee.

Prior to a meeting, the chair shall prepare a written meeting agenda and include items submitted by the Contractor members~~will be provided to the Members and the Representatives.~~ Either Committee ~~co~~-chair will have the authority to call a meeting.

#### **G.E. Minutes**

DWR shall keep Minutes of each meeting ~~will be kept~~. Copies of the minutes ~~will~~ shall ordinarily be provided to the Members and the Representatives within two weeks after a meeting.

#### **H.F. By-Laws Committee Procedures**

The Committee ~~will~~ may draft and adopt a set of procedures written by laws at the organizational meeting of the Committee. ~~The by-laws will to~~ govern the conduct of the Committee operations. ~~By laws require a majority vote or consensus by the Members for adoption or change.~~

#### **Decision Making**

~~The Committee will operate by making written recommendations on policy guidance to the Director (or his delegate). If the Members are unable to agree on a recommendation, the written record of the competing recommendations will be recorded and forwarded to the Director (or his delegate). In either case, the Director or his delegate shall have the authority to accept or reject the recommendations, and this decision will be communicated to the Committee in writing.~~

NOTE: Above item deleted because recommendation procedures are covered in section IV.A.4

#### **I.G. Amendments**

This charter may not be amended except through express written consent of both DWR and all Contractors~~SWP Public Agency customers.~~

#### **J. Confidentiality**

~~Outcomes and deliberations of the SWRDS Finance Committee will include initial draft concepts, recommendations, and documents. These materials shall be~~

**00086**

---

~~characterized as working proposals or staff work products. The release of products from this Committee to those outside of its Members will be treated as a staff consultation. The work of the SWRDS Finance Committee shall not be the subject of a public forum unless the SWRDS Finance Committee provides expressed authorization.~~